

ALVORD AND ALVORD
ATTORNEYS AT LAW
918 SIXTEENTH STREET, N.W.
SUITE 200
WASHINGTON, D.C.

ELIAS C. ALVORD (1942)
ELLSWORTH C. ALVORD (1964)

20006-2973

(202) 393-2266
FAX (202) 393-2156

19481
OF COUNSEL
URBAN A. LESTER

June 23, 1995

Mr. Vernon A. Williams
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Mr. Williams:

File
Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are two (2) copies of a Note and Security Agreement, dated June 15, 1995, a primary document as defined in the Commission's Rules for the Recordation of Documents under 49 C.F.R. Section 1177.

The names and addresses of the parties to the enclosed document are:

Debtor: San Joaquin Valley Railroad Co.
221 North F Street
Exeter, California 93221

Secured Party: NationsBanc Leasing Corporation
2300 Northlake Centre Drive, Suite 300
Tucker, Georgia 30084

A description of the railroad equipment covered by the enclosed document is:

three (3) EMD locomotives UP 224, UP 728 and UP 909

Counterpart -

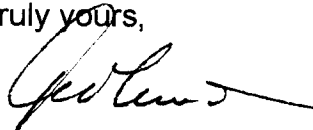
RECEIVED
OFFICE OF THE
SECRETARY
JUN 23 2 03 PM '95
LICENSING BRANCH

Mr. Vernon A. Williams
June 23, 1995
Page 2

Also enclosed is a check in the amount of \$21.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return one stamped copy of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Alvord", with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/bg
Enclosures

NationsBank

NationsBank Leasing Corporation

Note and Security Agreement (Fixed Rate and Level Payments)

This Note and Security Agreement made as of the date set forth below sets forth the terms and conditions governing the repayment of a loan made by **NationsBank Leasing Corporation** ("Secured Party") to the party identified below as "Debtor" for the purpose of financing the personal property identified below as the "Equipment," and the granting by Debtor to Secured Party of a security interest in the Equipment and certain related property to secure the repayment of all Debtor's obligations to Secured Party.

Date: June 15, 1995 **Agreement No.:** 07887-00704

Secured Party: NationsBank Leasing Corporation

2300 Northlake Centre Drive, Suite 300
Tucker GA 30084

Debtor: San Joaquin Valley Railroad Co.
221 North F Street, Exeter, CA 93221

Equipment: (Include serial and model number):

Three (3) Electro Motive Division/General Motors GP 9 Locomotives,

including all accessories and attachments.

Equipment Location: (Insert full mailing address, including county, of the premises where the Equipment is located, and full name and address of the owner of the premises):

Domiciled at: 221 North F Street
Exeter, CA 93221

Principal Amount of Loan: One Hundred Fifty Thousand and 00/100 (\$150,000.00)

Number of Repayment Installments (including Final Repayment Installment): Ninety-six (96)

Amount of Each Repayment Installment Prior to Final Repayment Installment: \$2,204.54

Amount of Final Repayment Installment: \$2,204.54

Due Date of First Repayment Installment: on the thirtieth (30th) day following the date
Secured Party funds this loan

Due Date of Final Repayment Installment: on the eighth (8th) anniversary of the date
Secured Party funded this loan

Interest Rate. A per annum rate of interest equal to (i) nine and 09/100 percent (9.09 %) or (ii), if less, the highest rate of interest permitted by applicable law.

Loan; Terms of Repayment. In consideration of the making of a loan by Secured Party to Debtor for the purpose of financing the Equipment specified above (the "Loan"), Debtor promises and agrees to pay to the order of Secured Party, at Secured Party's address stated above or at such other places as Secured Party may from time to time designate in writing, the principal amount of the Loan, together with interest calculated as hereinafter provided. Subject to Debtor's right to prepay such principal amount in whole or in part as hereinafter provided, Debtor shall pay such principal amount together with interest thereon in consecutive monthly installments, each in the amount set forth above under the heading "Amount of Each Repayment Installment Prior to Final Repayment Installment," due and payable on the "Due Date of First Repayment Installment" set forth above and on a like date of each calendar month thereafter until the Loan is fully repaid; provided, however, that the last such installment shall be in the amount set forth above under the heading "Amount of Final Repayment Installment" or (if greater) the amount of the then outstanding principal balance of the Loan together with interest thereon.

Interest. Interest shall be calculated on the basis of a year of three hundred sixty (360) days. Each installment shall include all interest accrued through the due date.

Prepayments. ~~After one (1) year from the date of this Agreement, the outstanding principal balance of the Loan may be prepaid in whole or in part at any time, together with all interest and late charges accrued through the date of prepayment and a prepayment charge calculated as follows: one percent (1%) of the principal amount prepaid multiplied by the number of years or fraction thereof remaining under the term of this Agreement. Partial prepayments shall be applied against principal installments in their inverse order of maturity. Except as provided herein, the Loan may not be prepaid.~~

STATE OF Arizona)
COUNTY OF Maricopa) SS:

On this 19th day of June, 1995, before me, personally appeared Lynn Cecil
to me personally known, who being by me duly sworn, says that (s)he is the Pres of San Joaquin Valley R.R. Co.
acknowledged that the execution of said instrument was the free act and deed of said corporation.

C. Young
Notary Public

(Seal)

My Commission expires:

Jan 31, 1996

STATE OF Georgia)
COUNTY OF Cobb) SS:

On this 22nd day of June, 1995, before me, personally appeared James R. Bates
sworn, says that (s)he is the AVP of **NationsBanc Leasing Corporation**, that the foregoing
Note and Security Agreement Number 4 was signed on behalf of said corporation and (s)he acknowledged that the execution of said instrument
was the free act and deed of said corporation.

Theresa Oml
Notary Public

(Seal)

My Commission Expires Jan 23, 1999
Notary Public, Cobb County, Georgia

This Annex A is made this 15th day of June, 1995, and constitutes an integral part of that certain Note and Security Agreement Number 07887-00704 dated June 15, 1995 (the "Note"), between San Joaquin Valley Railroad Co. ("Debtor") and **NationsBanc Leasing Corporation** ("Secured Party"). Terms used herein and otherwise undefined shall have the meanings ascribed them in the Note.

The following provisions are hereby made a part of and incorporated in the Note:

(a) Debtor agrees to comply in all respects with all laws of the jurisdictions in which the Collateral may be operated, with all applicable rules of the Association of American Railroads, and with all laws, rules, regulations and orders of the Department of Transportation and the Interstate Commerce Commission and any other federal, state or local legislative, executive, administrative or judicial body exercising any power of jurisdiction over the Collateral (collectively, "Applicable Laws"). In the event that any Applicable Law requires the alteration of any Collateral, or in case any Collateral or accessory or attachment thereto shall be required to be changed or replaced, or in case any additional or other accessory or attachment is required to be installed on any Collateral in order to comply with Applicable Laws, Debtor agrees to make such alterations, changes, additions and replacements at its own expense; and Debtor agrees at its own expense to use, store, maintain and operate the Collateral in full compliance with the Applicable Laws throughout the term of this Note.

(b) In addition to its covenants and agreements under the Note regarding the location of the Collateral, Debtor agrees that the Collateral will be used primarily in the continental United States and that Debtor will use its best efforts to cause any Collateral which is used outside of the continental United States to remain outside of the continental United States for the shortest possible time.

(c) In addition to its covenants and agreements under the Note regarding financing statements, Debtor agrees that it will, at its expense prior to the delivery and acceptance of any Collateral under the Note, cause the Note to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Revised Interstate Commerce Act and the regulations promulgated thereunder. All references in the Note to "financing statements" shall be deemed to include filings and recordations with the Interstate Commerce Commission.

(d) Debtor shall maintain on each side of each item of Collateral the following identification in block letters not less than two inches high: "NATIONSBANC LEASING CORPORATION, SECURED PARTY", or other appropriate words designated by Secured Party, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the rights of Secured Party under this Note. Debtor will not place any Collateral in operation or exercise any control or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly any such markings which may be removed, defaced or destroyed.

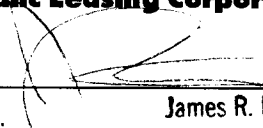
(e) Debtor shall maintain on each unit of Collateral the serial and other identifying numbers set forth on page one of the Note under the heading "Equipment", and Debtor will not change the identifying number of any Collateral except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been delivered to Secured Party by Debtor and filed, recorded or deposited by Debtor in all public offices where this Note or any notice thereof shall have been filed, recorded or deposited.

(f) Except as provided in the preceding clauses (d) and (e), Debtor will not allow the name of any person, corporation or other entity to be placed on any Collateral that might be interpreted as a claim of ownership; provided, however, that Debtor may cause Collateral to be lettered with the names or initials or other insignia customarily used by Debtor on railroad equipment used by Debtor of the same or a similar type.

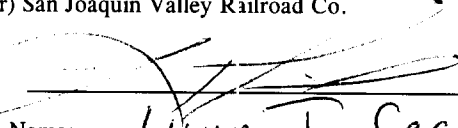
(g) In the event of any inconsistency between any provision of this Annex A and any other provision(s) of the Note, the provisions of this Annex A shall be controlling, but only to the extent of such inconsistency.

In witness whereof, the parties hereto have caused this Assignment to be duly executed as of the day and year first above written.

NationsBanc Leasing Corporation (Secured Party)

By: 
Printed Name: James R. Bates
Title: Assistant Vice President

(Debtor) San Joaquin Valley Railroad Co.

By: 
Printed Name: Lynn T. Cecil
Title: President
(Corporate Seal)

ADDENDUM A

**SAN JOAQUIN VALLEY RAILROAD CO.
NOTE AND SECURITY AGREEMENT # 07887-00704**

PREPAYMENTS: During years one (1) and two (2) from the date of this Agreement, the outstanding principal balance of the Loan may be prepaid in whole or in part at any time, together with all interest and late charges accrued through the date of prepayment and a prepayment charge calculated as follows: two percent (2%) of the amount prepaid; and no prepayment penalty after the second year under the term of this Agreement. Partial prepayments shall be applied against principal installments in their inverse order of maturity. Except as provided herein, the Loan may not be prepaid.

San Joaquin Valley Railroad Co.

By: 

Title: President

Date: 6-15-95

This is certified to be a true and exact copy of the original.

Nation's Banc Leasing Corporation

By: 

James R. Bates, AVP



Notary Public

6/22/95

Date

STATE OF Arizona)
COUNTY OF Maricopa) ss:

On this 19th day of June, 1995, before me, personally appeared Lynn Cecil
to me personally known, who being by me duly sworn, says that (s)he is the Pres of San Joaquin Valley P.R. Co
acknowledged that the execution of said instrument was the free act and deed of said corporation.

C. Young
Notary Public

(Seal)

My Commission expires:

Jan 31, 1996

STATE OF Georgia)
COUNTY OF Cobb) ss:

On this 22nd day of June, 1995, before me, personally appeared James R. Bates
sworn, says that (s)he is the AVP of **NationsBank Leasing Corporation**, that the foregoing
Note and Security Agreement Number 7 was signed on behalf of said corporation and (s)he acknowledged that the execution of said instrument
was the free act and deed of said corporation.

Theresa Oml
Notary Public

(Seal)

My Commission expires: Both County, Georgia
My Commission Expires January 23, 1999

This Annex A is made this 15th day of June, 1995, and constitutes an integral part of that certain Note and Security Agreement Number 07887-00704 dated June 15, 1995 (the "Note"), between San Joaquin Valley Railroad Co. ("Debtor") and **NationsBanc Leasing Corporation** ("Secured Party"). Terms used herein and otherwise undefined shall have the meanings ascribed them in the Note.

The following provisions are hereby made a part of and incorporated in the Note:

(a) Debtor agrees to comply in all respects with all laws of the jurisdictions in which the Collateral may be operated, with all applicable rules of the Association of American Railroads, and with all laws, rules, regulations and orders of the Department of Transportation and the Interstate Commerce Commission and any other federal, state or local legislative, executive, administrative or judicial body exercising any power of jurisdiction over the Collateral (collectively, "Applicable Laws"). In the event that any Applicable Law requires the alteration of any Collateral, or in case any Collateral or accessory or attachment thereto shall be required to be changed or replaced, or in case any additional or other accessory or attachment is required to be installed on any Collateral in order to comply with Applicable Laws, Debtor agrees to make such alterations, changes, additions and replacements at its own expense; and Debtor agrees at its own expense to use, store, maintain and operate the Collateral in full compliance with the Applicable Laws throughout the term of this Note.

(b) In addition to its covenants and agreements under the Note regarding the location of the Collateral, Debtor agrees that the Collateral will be used primarily in the continental United States and that Debtor will use its best efforts to cause any Collateral which is used outside of the continental United States to remain outside of the continental United States for the shortest possible time.

(c) In addition to its covenants and agreements under the Note regarding financing statements, Debtor agrees that it will, at its expense prior to the delivery and acceptance of any Collateral under the Note, cause the Note to be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Revised Interstate Commerce Act and the regulations promulgated thereunder. All references in the Note to "financing statements" shall be deemed to include filings and recordations with the Interstate Commerce Commission.

(d) Debtor shall maintain on each side of each item of Collateral the following identification in block letters not less than two inches high: "NATIONS Banc LEASING CORPORATION, SECURED PARTY", or other appropriate words designated by Secured Party, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the rights of Secured Party under this Note. Debtor will not place any Collateral in operation or exercise any control or dominion over the same until such names and words shall have been so marked on both sides thereof and will replace promptly any such markings which may be removed, defaced or destroyed.


(e) Debtor shall maintain on each unit of Collateral the serial and other identifying numbers set forth on page one of the Note under the heading "Equipment", and Debtor will not change the identifying number of any Collateral except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been delivered to Secured Party by Debtor and filed, recorded or deposited by Debtor in all public offices where this Note or any notice thereof shall have been filed, recorded or deposited.

(f) Except as provided in the preceding clauses (d) and (e), Debtor will not allow the name of any person, corporation or other entity to be placed on any Collateral that might be interpreted as a claim of ownership; provided, however, that Debtor may cause Collateral to be lettered with the names or initials or other insignia customarily used by Debtor on railroad equipment used by Debtor of the same or a similar type.

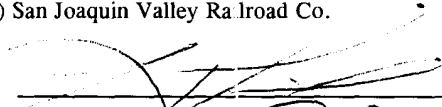
(g) In the event of any inconsistency between any provision of this Annex A and any other provision(s) of the Note, the provisions of this Annex A shall be controlling, but only to the extent of such inconsistency.

In witness whereof, the parties hereto have caused this Assignment to be duly executed as of the day and year first above written.

NationsBanc Leasing Corporation (Secured Party)

By: 
Printed Name: James R. Bates
Title: Assistant Vice President

(Debtor) San Joaquin Valley Railroad Co.

By: 
Printed Name: Lynn T. Cecil
Title: President

(Corporate Seal)

ADDENDUM A

SAN JOAQUIN VALLEY RAILROAD CO.
NOTE AND SECURITY AGREEMENT # 07887-00704

PREPAYMENTS: During years one (1) and two (2) from the date of this Agreement, the outstanding principal balance of the Loan may be prepaid in whole or in part at any time, together with all interest and late charges accrued through the date of prepayment and a prepayment charge calculated as follows: two percent (2%) of the amount prepaid; and no prepayment penalty after the second year under the term of this Agreement. Partial prepayments shall be applied against principal installments in their inverse order of maturity. Except as provided herein, the Loan may not be prepaid.

San Joaquin Valley Railroad Co.

By: Title: PresidentDate: 6-15-95

This is certified to be a true and exact copy of the original.

NationsBank Leasing Corporation

By: 

James R. Bates, AVF



Notary Public

6/22/95

Date

Notary Public, Cobb County, Georgia
My Commission Expires January 20, 1998